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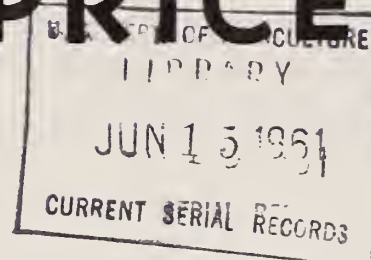
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May 1960
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The DEMAND and PRICE SITUATION

DPS-65



Approved by the Outlook and Situation Board, May 19, 1960

SUMMARY

Business activity improved some in April and early May reflecting modest gains in employment, consumer incomes and retail buying. Employment increased 1.9 million from March, up more than the usual seasonal amount. Personal income reached an annual rate of \$397 billion, mostly due to higher wage and salary payments. Retail sales exceeded the peak of last October with improvement in sales for both durable and nondurable goods store sales. Activity in manufacturing held steady in April after declining for 2 months. Output of steel mills declined but production in other industries increased moderately. Construction activity declined in April due mostly to a sharp drop in residential housing. Capital spending increased during the first quarter and according to the recent McGraw-Hill survey, business plans for expansion in 1960 will be even greater than was indicated by the Securities and Exchange Commission--Department of Commerce survey taken in January-February.

Prices received by farmers increased 6 percent from December 1959 to April. During the same period, prices paid by farmers, including interest, taxes and farm wage rates rose $1\frac{1}{2}$ percent to 302, to a new record. The rise in farm cost rates was led by a 6 to 8 percent increase in interest, taxes and farm wage rates. With prices received up more than prices paid, the parity ratio advanced from 77 in December to 80 in March and April.

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AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1959		1960			
		Year	Apr.	Jan.	Feb.	Mar.	Apr.
Industrial production, seasonally adj. <u>1/</u>	1947-49=100	159	162	168	166	165	165
All manufactures	do.	158	161	168	166	164	164
Durable goods	do.	165	171	181	177	175	173
Nondurable goods	do.	155	155	159	157	157	159
Mining	do.	125	129	128	126	125	128
Utilities	do.	268	262	280	281	282	278
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	54,313	4,667	4,489	4,521	4,437	4,363
Public construction	Mil. dol.	15,970	1,424	1,278	1,291	1,271	1,276
Private residential	Mil. dol.	22,377	1,952	1,804	1,779	1,747	1,669
Housing starts	Thousands	1,377	1,434	1,216	1,115	1,125	1,135
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	29,758	30,266	31,110	31,580	30,800	
Durable goods	Mil. dol.	15,359	15,166	15,450	15,670	15,160	
Unfilled orders-sales ratio <u>5/</u>		3.25	3.12	3.07	2.99	3.05	
Inventory-sales ratio <u>6/</u>		1.73	1.69	1.71	1.71	1.76	
Durable goods		1.96	1.94	1.99	1.99	2.09	
Employment and wages: <u>7/</u>							
Total civilian employment	Millions	65.6	65.0	64.0	64.5	64.3	66.2
Nonagricultural	do.	59.7	59.2	59.4	59.9	59.7	60.8
Unemployment	do.	3.8	3.6	4.1	3.9	4.2	3.7
Workweek, in manufacturing	Hours	40.3	40.3	40.3	39.8	39.7	39.4
Hourly earnings in manufacturing	Dollars	2.22	2.23	2.29	2.29	2.29	2.28
Income and spending:							
Personal income payments <u>2/</u> <u>3/</u>	Bil. dol.	380.2	379.0	392.8	393.0	394.0	397.5
Consumer credit outstanding <u>1/</u>	Mil. dol.	52,046	45,708	51,356	51,021	51,162	
Automobile	Mil. dol.	16,590	14,810	16,568	16,677	16,876	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	17,930	17,953	18,090	18,100	18,274	18,892
Durable goods	Mil. dol.	5,962	6,137	5,891	6,040	5,951	6,300
Inventory-sales ratio <u>6/</u>		1.36	1.36	1.35	1.37	1.37	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	120	120	119	119	120	120
Commodities other than farm and food	do.	128	128	129	129	129	129
Farm products	do.	89	92	86	87	90	91
Foods processed	do.	107	107	106	106	107	107
Consumer price index, all items <u>4/</u>	1947-49=100	125	124	125	126	126	
Food	do.	118	118	118	117	118	
Prices received by farmers <u>8/</u>	1910-14=100	240	244	231	233	240	242
Crops	do.	221	223	219	219	222	224
Livestock and products	do.	255	261	242	244	256	257
Prices paid, interest, taxes and wage rates <u>8/</u>	1910-14=100	298	298	299	299	300	302
Family living items	do.	289	287	290	289	289	291
Production items	do.	266	269	265	266	267	268
Parity ratio <u>8/</u>		80	82	77	78	80	80
Farm income and marketings: <u>8/</u>							
Volume of farm marketings	1947-49=100	127	96	131	101	98	94
Cash receipts from farm marketings	Mil. dol.	32,777	2,179	2,717	2,072	2,140	2,200

Annual data for most of these items for the years 1929, 1939, 1941 and 1946-59 appear on page 40 of the April 1960 issue.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.
4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census.
8/ U. S. Department of Agriculture, Agricultural Marketing Service.

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 T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board May 19, 1960

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The improvement in average farm product prices in the last 4 months was mostly due to reduced supplies of meat animals and potatoes along with seasonal increases for feed grains and fruit. Part of the reduction in marketings was due to unseasonable weather in March. By early May as marketings had picked up average wholesale prices on major central markets declined some from levels in mid-April.

Commercial meat production in the first quarter of 1960 was 9 percent above a year ago, but 3 percent below the last quarter of 1959. A strong demand for meat and renewed optimism among livestock producers is likely to lead to an active demand for feeding and breeding stock. Egg production in April was 5 percent below a year ago; since last fall, the laying flock has been below a year earlier. In addition, a substantial cut in the number of replacement chicks is assured and the laying flock at the end of 1960 will be below 1959 by a wider margin than at present. Broiler prices in mid-April were 9 percent above a year ago, but a significant increase in hatchery activity indicates larger market supplies of broilers beginning about mid-July.

Despite the increase in the index of prices received it still averaged 3 percent lower in the first 4 months of 1960 than in the same period in 1959. With the volume of marketings about the same as a year earlier cash receipts for January-April 1960 were down about as much as prices. In April preliminary indications are that cash receipts were above a year ago reflecting a somewhat larger volume of marketings, particularly crops, and slightly lower average prices.

Commodity Highlights

Prices of meat animals have leveled off recently under pressure of larger marketings of cattle and hogs in recent weeks, following delays due to unseasonable late-winter weather.

Egg production, which so far this year has been about 4 percent below 1959, will probably continue below 1959 in every remaining month of 1960. Even though there have been declines in terminal markets since mid-April, prices are likely to continue above last year by as wide or even wider margin than recently.

Current prospects indicate that soybean prices to farmers probably will continue firm through mid-summer. Prices after that time will be influenced by prospects for the new crops. Crusher and export demand through the remainder of the current marketing year is expected to be as strong as last year and the supply of beans will be slightly smaller.

Domestic use of feed grains in 1959-60 is expected to be about 7 million tons above the 137 million tons consumed last year, and exports are expected to at least equal last year's record 12.7 million tons.

Prospects for the winter wheat crop have improved this spring and 1960 production is now estimated at 992 million bushels. First estimate of the spring crop will be published June 10.

The 1960 peach crop in the Southern commercial peach states is expected to be a little larger than the big 1959 crop. This year's strawberry crop is expected to be moderately smaller than the 1959 crop and slightly below average.

Overall supplies of fresh vegetables are expected to increase rapidly during the next 4 to 6 weeks and prices will decline seasonally. Intentions reports for 9 important vegetables for processing indicate plans to plant or contract 2 percent more than last year.

The yield per acre for the 1959 cotton crop, estimated at 462 pounds per harvested acre, is the second highest yield on record--about 4 pounds below the 1958 record. The 1959 crop of about 14 $\frac{1}{2}$ million running bales is more than a fourth above the 1958 crop and the largest crop since 1955.

The average price received by U. S. growers for shorn wool in the open market in April 1960 was 44.5 cents per pound, 5.3 cents above April 1959 and the highest since January 1958. The average price received by farmers is likely to hold at current levels until mid-summer.

Cigarette output in the first quarter of 1960 was nearly 7 percent above that in the comparable period a year ago. Exports of unmanufactured tobacco in the first three-fourths of the 1959-60 fiscal year at 435 million pounds (farm-sales weight) were 2 $\frac{1}{2}$ percent lower than in the corresponding period of a year earlier.

GENERAL BUSINESS CONDITIONS

Business activity picked up in April with the coming of spring weather. Civilian employment totaled 66.2 million in April, up more than seasonally from March and 1.1 million above a year ago. The number of farm workers increased, and gains were registered in nonagricultural activities (construction, trade, services, etc.). Employment in manufacturing, at 16.5 million, seasonally adjusted, was unchanged between March and April. Reductions in output and employment in steel and auto firms were about offset by scattered gains in other groups. Better weather in April was a major factor in the employment pickup in construction and trade industries. Small increases were recorded in other nonmanufacturing industries.

Unemployment dropped by 550,000 in April, about double the normal seasonal decline for the month. The rate of unemployment fell to 5 percent of civilian employment compared with 5.4 percent in March and 5.1 percent in April 1959.

Personal Income Up

Average weekly hours of factory production workers declined in April to 39.4 compared with 39.7 in March and 40.3 a year earlier. Overtime work fell from 2.5 hours per week in March to 2.1 hours in April. The decline in weekly hours was sharp in the auto industry and larger than usual in the metals and machinery industries. Average hourly earnings in April declined one cent from the March level to \$2.28 but were up 5 cents above a year earlier. The flow of wage and salary income payments were at an annual rate of \$271.3 billion in April, compared with \$269.4 in March and 5½ percent above a year ago. Personal income from other sources, particularly interest, transfer payments and proprietors' income also increased some. Personal income in April at a rate of \$397.4 billion was \$3.5 billion above March and 5 percent above a year ago.

Retail Sales Reach New Record

In the past month retail sales increased sharply and reached a new seasonally adjusted record of \$18.9 billion, up from the \$18.3 billion in March and 5 percent above a year ago. Sales of both durable and nondurable goods stores rose between March and April. Among the nondurable goods there was a modest pickup in sales of new automobiles. Between March and April, the number of new autos sold were running about 15 percent above a year earlier. But the dollar volume of automotive sales in April was up only 4 percent, partly reflecting the increased proportion of compact cars. The reduction in new housing starts and completions since mid-1959 has been an important factor affecting sales of the appliance and furniture group which were running only a little above a year ago in April.

Sales of nondurable goods stores in April, seasonally adjusted, totaled \$12.6 billion, up 2 percent from March and 7 percent above a year ago. Gains in the apparel and general merchandise groups were the largest. Department store sales, seasonally adjusted, at 151 (1947-49=100) were up 8 percent from March and 7 percent above a year earlier. In April sales of the food group continued to run above a year ago and for the first 4 months of 1960 were up about 6 percent from the comparable period a year earlier.

Manufacturers' Sales and New Orders Ease

Although retail sales were reaching a new high, the volume of new orders and shipments in manufacturing eased in March. This reflected a smaller volume of new business than was anticipated earlier, along with a rapid accumulation of inventories.

The volume of new business among manufacturers is about the same as a year earlier, but down sharply from the level of a few months ago. New orders of both durable and nondurable firms have been reduced some. As sales have exceeded new orders since January 1960 order backlogs dropped to the lowest level since February 1959.

Business inventories at the end of March totaled \$92.2 billion, up \$5.5 billion above a year earlier and \$4 billion above November, the low point after the steel strike. Most of the gain in stocks since last fall was in durable goods at both manufacturing and trade levels. The largest increases since were associated with rebuilding steel stocks, but retail inventories of autos rose in March to more than a million units. With higher sales and somewhat smaller production, manufacturing and trade stocks at the end of April were down somewhat.

Industrial Production Leveled Out

After declining in February and March industrial production leveled out in April, as sales picked up somewhat. Further reductions in steel output were offset by small increases elsewhere. The Federal Reserve Board's index of industrial production in April at 109 (1957=100) was the same as March but down from the peak of 111 reached in January. The index of primary metals production in April declined $4\frac{1}{2}$ percent. The operating rate of steel mills continued to decline in April and in early May was 74 percent of capacity compared with 96 percent in December and January. Offsetting were small increases in production of autos, machinery, fabricated metals and some nondurable goods.

Table 1.--Manufacturers' deliveries, inventories and production for March, June, September and December 1959, and March 1960, seasonally adjusted

Item	Unit	1959				1960
		Mar.	June	Sept.	Dec.	Mar.
Manufacturers:						
Deliveries	Mil. dol.	29,130	31,248	29,818	30,790	30,800
Inventories	Mil. dol.	50,454	52,138	51,892	52,430	54,300
Stock-sales ratio:	Ratio	1.73	1.67	1.74	1.70	1.76
New orders	Mil. dol.	30,229	31,404	30,552	30,740	30,120
Order backlogs ^{1/}	Mil. dol.	50,376	50,402	51,068	51,490	49,440
Production	:1947-49=100:	156	166	156	164	165
Durable:						
Deliveries	Mil. dol.	14,400	15,771	14,113	15,010	15,160
Inventories	Mil. dol.	28,925	30,227	29,817	30,080	31,700
Stock-sales ratio:	Ratio	2.01	1.92	2.11	2.00	2.09
New orders	Mil. dol.	15,323	16,133	14,747	14,770	14,480
Order backlogs ^{1/}	Mil. dol.	47,244	46,979	47,852	48,130	46,210
Production	:1947-49=100:	165	179	157	174	176
Nondurable:						
Deliveries	Mil. dol.	14,730	15,477	15,705	15,780	15,650
Inventories	Mil. dol.	21,529	21,911	22,075	22,340	22,600
Stock-sales ratio:	Ratio	1.46	1.42	1.41	1.42	1.44
New orders	Mil. dol.	14,906	15,271	15,805	15,970	15,650
Orders backlogs ^{1/}	Mil. dol.	3,132	3,423	3,216	3,360	3,230
Production	:1947-49=100:	151	156	159	158	157

^{1/} Unadjusted.

Department of Commerce and Federal Reserve Board.

Capital Spending Prospects Bright

The recent survey of capital spending intentions by business for 1960 conducted around April 1 by McGraw-Hill indicates a rise of about 16 percent over 1959. This is a somewhat larger gain than was indicated by the Securities and Exchange Commission and the Department of Commerce survey taken 2 months earlier.

Construction
Outlays Lower

Construction activity continued to decline in April from the post-steel strike peak reached in February. Construction outlays in April were down about 6 percent from a year earlier. Public construction was down a tenth with major declines in highways, military facilities and public residential buildings. Private construction was down about 5 percent, mostly because of the 14 percent drop in residential housing. In April housing outlays were at an annual rate of \$20 billion compared with \$23.4 billion a year earlier. New nonfarm housing starts in April at an annual rate of 1,135,000 units were about the same as February and March and compared with 1,434,000 a year earlier. Business construction (industrial, commercial and public utility) reflecting the rise in capital spending was up 11 percent from a year earlier.

Money and Credit
Conditions Ease

There has been some easing in the money and credit markets in recent months, and interest rates have moved lower since the first of the year. Treasury 3-month bills, which averaged 4.5 percent in December, were down to 3.4 percent for the week ending April 22; the yields on prime commercial paper 4-to 6-months declined from 4.9 percent in December-January to 4.1 percent in early April. However, there has been only a slight softening in interest rates at the "retail" level such as for real estate mortgages, although more funds are available than last fall.

The most important factor influencing the change in credit conditions since the beginning of 1960 has been the U. S. Treasury's improved budget position, bringing about a reduction in outstanding short-term U. S. securities. The relatively low level of long-term corporate financing, the drop in the expansion of mortgage debt and the decline in stock prices along with a somewhat smaller rise in business activity than was anticipated earlier also contributed to easing of credit. Partially offsetting was the continued rise in consumer installment credit.

In 1958 and early 1959, when the Federal Reserve System made reserves available to the commercial banking system, loans and investments expanded sharply. Since mid-1959 Federal Reserve Credit policies have restrained expansion of commercial bank credit, but in early 1960 with some easing of credit conditions net borrowed reserves of member banks declined from close to a half a billion at the end of 1959 to around \$200 million in April.

Prices Up a Little

Since last December, prices have risen slightly at both wholesale and retail levels. Higher prices of farm products have resulted in small increases in food costs of both urban and rural consumers. Overall, retail prices have increased fractionally since the end of 1959.

Prices received by farmers continued to advance in April. The index, at 242 (1910-14=100), was up 6 percent from December and only a little below a year ago. Most of the recovery was in the livestock and products group which was up 8 percent from December to April. Hog prices rose about a third, beef cattle prices a tenth, and eggs about a fifth. Crop prices in the last four months were 3 percent higher, mostly due to gains in potatoes, fruits, and feed grains.

Part of the rise in recent months was due to unseasonable weather which delayed marketings. But marketings have picked up in the past month and prices in early May on major central markets averaged nearly 2 percent below mid-April.

Table 2.--Prices received, wholesale and consumer prices and prices paid for family living, selected months, 1959 and 1960 with change

(1947-49=100)										
Item	:	1959			:	1960	:	Percentage change		
	:	:	:	:	:	Apr.	:	Dec. 1959	:	Apr. 1960
	:	Apr.	Aug.	Dec.	:	<u>1/</u>	:	from	:	from
	:	:	:	:	:	:	:	Aug. 1959	:	Dec. 1959
Prices received	:	90	88	84	:	89	:	-4.5	:	6.0
Crops	:	90	89	88	:	91	:	-1.1	:	3.4
Livestock and products	:	89	87	82	:	88	:	-5.7	:	7.3
Wholesale prices (BLS)	:	120	119	119	:	120	:	0	:	.8
Farm products	:	92	87	86	:	91	:	-1.1	:	5.8
Processed foods	:	107	106	105	:	107	:	-.9	:	1.9
Industrial	:	128	128	129	:	129	:	.8	:	0
Consumer prices <u>2/</u>	:				:		:		:	
Urban (CPI)	:	124	125	126	:	126	:	.6	:	.1
Food	:	118	118	118	:	118	:	-.8	:	0
Other than food	:	127	128	130	:	130	:	1.6	:	0
Durables	:	113	113	114	:	112	:	.9	:	-1.8
Nondurables other	:				:		:		:	
than food	:	118	119	120	:	120	:	1.7	:	0
Services	:	145	146	148	:	149	:	1.4	:	.7
Rural family living	:				:		:		:	
items	:	118	118	119	:	119	:	.8	:	0

1/ March 1960 used for consumer prices. 2/ Percentage change November 1959 from July 1959 and March 1960 from November 1959.

UNITED STATES IMPORTS

The strain on the U. S. balance of payments in 1959, and to a lesser degree in 1958, reflected a deterioration in the U. S. trade balance. The upward trend in imports accelerated in 1959 when U. S. payments for foreign merchandise were more than \$2 billion above both 1958 and 1957. Imports of nonagricultural products rose 22 percent from 1958 to 1959 and those of farm products were up 6 percent. Exports from the United States in 1959 were valued at \$16 billion, about the same as in 1958 and \$3 billion below 1957. More than 80 percent of the export decline between 1957 and 1959 was in non-farm commodities.

Compared with the averages for 1952-54, a relatively "normal" postwar period, both exports and imports in 1959 were higher but with imports showing a much greater increase. U. S. payments for foreign merchandise were up 42 percent. Nonfarm imports accounted for the increase, rising 71 percent. Agricultural products imported into the U. S. in 1959 were valued at \$4.1 billion, 3 percent below 1952-54. Farm commodities not produced commercially in the U. S. (complementary imports) were 15 percent below 1952-54. But the value of supplementary farm products imported in 1959 were 15 percent higher. Much of this increase was in meat animals and meat products.

Table 3.--United States Foreign Trade and Selected Indicators
average value in 1952-54=100

Year	Exports of U. S. merchandise ^{1/}			Imports for consumption			Gross Nat'l. Product	Food expenditures ^{2/}
	Total	Non-Agr.	Agr.	Total	Non-Agr.	Agr.		
1950	78	73	92	83	75	95	79	84
1951	107	99	130	102	89	122	92	94
1952	103	101	110	102	98	107	97	98
1953	96	98	92	102	104	99	102	100
1954	101	101	98	97	99	94	101	102
1955	112	115	103	107	116	94	111	104
1956	136	137	134	118	135	94	117	110
1957	153	155	145	122	141	94	123	115
1958	128	129	124	121	140	92	123	119
1959	128	128	127	142	171	97	134	123
Value in million dollars								
1959	16,156	12,206	3,950	14,987	10,887	4,100		

^{1/} Excluding exports of military goods under grant. ^{2/} Personal consumption expenditures on food.

Department of Commerce.

U. S. imports have been the major source of foreign dollar earnings. During 1952-54, foreign receipts from U. S. imports averaged \$10.6 billion of which about 40 percent was from agricultural commodities. During the following three years, nonagricultural imports averaged about a half billion dollars higher while agricultural imports remained virtually unchanged. By 1959, when total imports soared to nearly \$15 billion, imports of agricultural commodities made up a record low 27 percent of the total.

The rise in imports during most of the past decade has tended to parallel the expansion in the gross national product. During this period, imports were equal to about 3 percent of the gross national product, about the same as during the 10 years preceding World War II. Industrial raw materials and semi-manufactures, which account for roughly one half of total imports, have responded most directly to shifts in the domestic economy. However, government stockpile operations and the level of inventories have caused fairly substantial year-to-year variations in recent years. Imports in this category showed an exceptionally large rise during the latter part of 1958 and in 1959. This reflected both the end of the industrial recession in this country and inventory accumulation associated with the steel strike. In the case of industrial raw materials of agricultural origin, imports have tended to lag behind the growth in the economy. The development of plastics, manmade fibers and bulk handling and paper wrapping has reduced the relative importance of imports of hides and skins, silk and industrial fibers. The increase in imports of natural rubber was limited by use of synthetic rubber. Except for stockpile operations, imports of natural rubber reflect changes in automobile production. Surplus domestic production plus import quotas have kept imports of fats and oils and extra-long staple cotton relatively stable. In addition, the cattle and textile cycles, which move somewhat independently of the general economy, affect the level of imports of hides and skins and wool. In the case of tobacco, imports of oriental leaf used for blending have increased with rising output of cigarettes.

A relatively new feature of postwar U. S. imports has been the rise in consumer goods. This followed the full recovery of the export potential of 3 major prewar industrial countries, Germany, Japan and Italy, and the growth in popularity in this country of foreign automobiles. Reflecting this trend, the proportion of total imports representing finished manufactures rose from 17 to 34 percent during the decade ending in 1959, while the value of such imports in 1959 was more than double the 1952-54 average. In the field of agriculture however, imports of food have generally not kept pace with the rise in domestic expenditures for food. Substantially larger domestic output and import controls have limited the contribution of imports to total consumption of fats and oils, dairy products and sugar. Postwar imports of fruits and vegetables, much of which represent a reciprocal seasonal movement with neighboring countries also have risen less than domestic consumption. Three major exceptions to the trend in food imports are coffee, cattle and meats. Imports of coffee have shown a fairly steady upward trend. Cattle and meat imports, strongly influenced by the

cattle cycle, have increased substantially during the past three years. Meat imports had shown a rising trend during most of the 50's, even before the recent upsurge, due in part to the increasing popularity of foreign canned hams. It should be noted that in terms of value about half of U. S. food imports consist of tropical products--coffee, cocoa, tea, bananas, certain edible nuts and spices--for which imports are the only source of supply. For other food commodities, imports of which supplement substantial domestic production, the general trend in relation to domestic consumption has been downward. Within this trend, fairly substantial year to year variations occur because of changes in domestic supplies and prices.

Agricultural imports during 1959 generally reflected the historical pattern. Although small relative to total imports, the 6 percent rise in the value of agricultural imports between 1958 and 1959 reversed the downward trend evident since 1951. Reduced domestic slaughter was responsible for rising imports of hides and meat. The bulk of the increase in meat imports consisted of lowgrade boneless beef and mutton for manufacturing, supplies of which were tight with the build-up in herds. The upward phase of the textile cycle resulted in larger imports of wool. Rising industrial demand raised rubber imports, while imports of coffee in 1959 set a new record.

A substantial reduction in the U. S. balance of payments deficit from the \$3.7 billion recorded in 1959 is predicated on a rise in exports, with imports remaining at about the 1959 level. A pick-up in exports, already evident in the latter half of 1959, showed increased vigor in the first 3 months of 1960. Nonmilitary exports running at a seasonally adjusted annual rate of \$18.4 billion in January-March compared with \$15.4 billion a year earlier showed the greatest strength in 2 years. Imports, after a strong advance in the latter part of 1958 and the first half of 1959, leveled off at a high plateau and totaled about \$15.2 billion during the first quarter of 1960. This was 10 percent above a year ago, and reflected higher imports of finished manufactures, newsprint and metals. Agricultural imports were below a year earlier during the first quarter. The rise in the export balance during January-March 1960 was responsible for nearly a quarter billion dollar decline in the balance of payments deficit compared with a year earlier.

With respect to agricultural imports in 1960, details--only available for January and February--show a 25 percent decline in import value for cattle and meat products, partly as a result of larger domestic supplies. ^{1/} (Imports of low-grade beef and mutton are expected to remain high, however, as shortages for these commodities persist.) Coffee imports were 15 percent below a year earlier; record imports in 1959 raised stocks to exceedingly high levels. Large imports last year and higher stocks are also causing a hold-off in purchases of foreign wool and rubber. Imports of sugar were about unchanged, while tobacco, fruits and vegetables continued to increase.

^{1/} Imports of beef have also been reduced by tightened restrictions on frozen cured beef effective 6/1/59. Imports of pork from Canada are now limited to quantities on which a price equal to the Canadian support price had been paid by exporters.

Table 4.--U. S. imports for consumption, selected calendar years, 1926-1959

Item	:1926-30: :average:		:1935-39: :average:		:1945-49: :average:		:1952-54: :average:		:1955: :		:1956: :		:1957: :		:1958: :		:1959: :	
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Agricultural commodities																		
Rubber, crude	294	167	242	404	442	398	349	248	383									
Wool, unmanufactured	79	50	254	300	260	243	211	165	224									
Silk, raw	368	103	28	30	34	32	25	15	25									
Hides and skins	118	49	76	58	57	66	49	54	87									
Oilseeds and vegetable oils	148	118	177	152	130	130	145	147	175									
Coffee	282	140	581	1,443	1,357	1,439	1,376	1,172	1,097									
Cocoa and cacao beans	45	32	115	199	185	144	135	173	165									
Tobacco, unmanufactured	57	32	81	82	85	90	96	105	112									
Sugar, cane, raw	207	143	299	417	415	437	459	520	495									
Cattle, except for breeding:	15	13	35	14	24	11	66	130	81									
Meats	18	20	35	156	148	129	167	320	383									
Grains and prep.	24	56	43	142	61	80	84	64	55									
Fruits and prep. ^{2/}	56	42	90	129	130	135	140	135	155									
Vegetables and prep.	41	20	52	53	43	52	56	74	71									
All other	333	209	454	642	601	565	594	554	578									
Total agricultural	2,085	1,193	2,562	4,221	3,971	3,950	3,952	3,881	4,100									
Non-agricultural	1,948	1,147	3,093	6,368	7,366	8,566	8,999	8,905	10,887									
Total imports	4,033	2,340	5,655	10,589	11,337	12,516	12,951	12,786	14,987									
Percent agricultural	52	51	45	40	35	32	31	30	27									

^{1/} General imports.^{2/} Includes bananas.

Table 5.--United States agricultural imports for consumption, selected calendar years, 1926-1959

Item	Unit	1926-30 average 1/	1935-39 average 1/	1945-49 average	1952-54 average	1955	1956	1957	1958	1959
Industrial raw materials										
Crude rubber	Mil. lb.	1,042	1,105	1,183	1,531	1,428	1,298	1,240	1,063	1,285
Raw wool, grease	Mil. lb.	253	227	746	442	367	358	284	272	408
Cotton, unmanufactured	1,000 bales	379	209	267	151	189	98	217	143	140
Silk, raw	Mil. lb.	75	59	5	7	8	8	6	4	7
Industrial fibers 2/	1,000 L.tons	267	236	230	279	238	249	230	276	236
Hides and skins	Mil. lb.	448	284	199	145	127	144	117	137	190
Industrial fats and oils	Mil. lb. 3/	1,546	1,805	1,021	854	849	850	852	831	908
Inedible molasses	Mil. gal.	27	228	161	349	378	352	232	334	280
Beverages										
Coffee	Mil. lb.	1,493	1,838	2,727	2,576	2,599	2,812	2,760	2,668	3,074
Cocoa and cacao beans	Mil. lb.	422	595	598	551	500	559	512	443	483
Tea	Mil. lb.	90	87	87	105	105	101	102	103	110
Food										
Cattle, except for breeding	1,000 head	378	487	378	129	296	141	703	1,126	688
Meats	Mil. lb.	125	136	120	328	293	262	392	834	960
Cheese	Mil. lb.	77	57	19	52	52	54	51	56	64
Bananas	Mil. bunch	62	59	54	50	47	46	48	49	54
Sugar, raw, cane	Mil. sh.tons	4.2	3.0	3.4	3.8	3.9	4.1	4.1	4.7	4.5
Food fats and oils	Mil. lb.	121	322	47	56	92	56	60	82	64
Tobacco, unmanufactured	Mil. lb.	77	71	84	105	111	121	124	139	152
Index of quantity agricultural imports	1952-54=100	99	97	94	100	96	99	98	101	110

1/ General imports.

2/ Jute and jute butts, sisal and henequen, flax, hemp, manila, and abaca.

3/ Oil equivalent basis, includes oilseeds. Industrial fats include palm kernel oil and coconut oil, much of which is used for food purposes.

FARM INCOME

Cash receipts from farm marketings during the first 4 months of 1960 totaled \$9.2 billion--about 3 percent less than for the corresponding period of 1959. The volume of marketings was about the same as a year earlier, but prices received averaged 3 percent lower. Receipts from livestock and livestock products of \$5.9 billion were about 2 percent less than in January-April 1959 and receipts from crops, at \$3.3 billion, were about 4 percent smaller. Livestock receipts were held below a year earlier by smaller marketings of eggs, sheep and lambs, and lower prices of cattle, hogs and eggs. Receipts from wholesale milk and broilers were above a year earlier. Receipts from crops during the 4-month period reflected smaller marketings of wheat, soybeans, barley, oats and oranges than a year earlier. Higher, but not offsetting, were cash receipts from corn, cotton and potatoes. Altogether, the larger marketings of livestock and products during January-April and slightly higher prices of crops have not offset the lower sales volume of crops and lower livestock prices.

The preliminary estimate of cash receipts from farm marketings in April 1960 is \$2.2 billion, nearly 3 percent above a year earlier. Larger receipts from feed crops, cotton and vegetables accounted for a small increase in receipts. Receipts from livestock and products are estimated at \$1.6 billion--about the same as a year earlier. Improved prices for cattle and calves, wholesale milk, broilers and eggs were about offset by smaller marketings of cattle and calves, hogs and eggs.

LIVESTOCK AND MEAT

After advancing early this year, prices of meat animals have leveled off recently under pressure of larger marketings. In recent weeks, prices of cattle and calves were below a year ago but hogs were near a year earlier.

Price strength last winter was due to a combination of factors. Demand for meat has been strong as employment and consumer income picked up following the resumption in steel production. Renewed optimism among livestock producers this year has meant an active farm demand for feeding and breeding stock. Moreover, total meat production declined due to seasonally smaller pork output, although pork production was above a year earlier. Commercial meat production in January-March totaled 6,874 million pounds, up 9 percent from a year ago but down 3 percent from the final quarter of 1959.

Following delays due to unseasonable late-winter weather, marketings have increased in recent weeks and prices have been relatively stable. In early May, hog, cattle and lamb slaughter were each above last year. By midyear, hog slaughter will be appreciably below last year and will continue below throughout the second half of 1960. Fed cattle marketings are expected to increase further this spring and will probably exceed a year earlier in the second half.

Total cattle slaughter will probably continue above a year earlier throughout 1960. Lamb slaughter will probably continue above year-earlier levels most of this spring when new crop lambs make up the bulk of supplies.

The gain in cattle and calf supplies seems likely to bring some reduction in prices. But the declines are not expected to be large nor will the impact be the same on all classes. Fed cattle prices will probably decline moderately during the rest of this spring--probably about in line with price trends during this period the last 2 years. Withholding of breeding stock for herd expansion is expected to continue through 1960, though it may moderate somewhat. Feeder and stocker prices will probably continue near present levels this spring if pastures develop as well as current conditions indicate.

Prices of hogs have advanced about \$4.00 per 100 pounds from the December low and a further seasonal advance is likely this spring, in contrast to the relatively stable prices last spring. Some rise is likely in lamb prices, when the bulk of receipts are new crop lambs but the price rise is not likely to be as large as last spring. During this summer and fall, lamb prices seem likely to average near the levels of last year.

The slaughter rate for cattle and calves thus far this year indicates that the buildup in cattle inventories during 1960 will be somewhat smaller than the 4.9 million head added during 1959. Heavy marketings of fed cattle plus substantial imports of processing meats have kept prices below last year and the rate of expansion seems to be slowing.

Supplies of beef to consumers will be more abundant during 1960 than in 1959, but significantly less pork will be available. The year's total meat output is expected to be about 28 billion pounds, 2 percent above last year.

Cash receipts received by farmers for the sale of meat animals in 1959 totaled \$11,036 million, 1.3 percent less than the \$11,185 million in 1958. Marketings were larger for all three species. Prices for cattle and calves were higher in 1959, but for hogs and sheep and lambs prices were lower than in 1958.

DAIRY PRODUCTS

Output of milk continued at about 1 percent above a year earlier in April, the same increase as in the first quarter. Moisture conditions being favorable on May 1 in the most important dairy areas, made pasture prospects generally very good. The number of milk cows on farms continues to decline at a slower rate than a year earlier. Most of the reduction in milk output from 1958 to 1959 occurred from May through September. Continued good pastures could bring about much larger output in those months this year.

In the past month prices for American cheese and dry whole milk declined slightly while prices for butter, nonfat dry milk and fluid cream showed virtually no change. All items in mid-May were a shade above a year earlier. Fluid milk prices paid by dealers also are running a little above 1959 levels. The price received by farmers for whole milk delivered to plants and dealers in April was \$4.00 per hundredweight compared with \$3.91 a year earlier.

Consumption of some of the fluid milk products continued to increase in 1959, particularly the lower fat-containing products, while use of butter declined to a new record low of 8.0 pounds per person. Consumption of all dairy products per person, in terms of milk equivalent, showed a slight further drop last year.

The first purchase of cheese under the price support program in this marketing year which began April 1, was in the first week of May. Through mid-May only 63,000 pounds were bought. Butter purchases have been running a little less than a year earlier. Nonfat dry milk deliveries to the Department were about the same as a year earlier in the first 5 weeks of the new marketing year.

POULTRY AND EGGS

A substantial cut is assured in the number of replacement chicks hatched this year. Hatchings of egg-type chicks through April were 33 percent below last January-April. These include the most important months of the hatching season. Although eggs in incubators on May 1 were 7 percent more than on May 1, 1959, operations for January-June will likely be down at least one-fifth. The most important months of the season are now past.

The reduced hatchings mean that the laying flock at the end of 1960 will be below 1959 by a considerably wider margin than the 3 percent decrease in the number of layers on May 1. Egg production so far has been 4 percent below 1959, and probably will continue below 1959 in every remaining month of 1960. The smaller supply of eggs and the larger population will reduce egg consumption per person from 347 in 1959 to about 325 in 1960. Prices are likely to continue above last year by as wide, or even wider margin than recently. In mid-April, the U. S. average price of 36.0 cents per dozen received by farmers was 7.7 cents above the year before. Even though there have been declines in terminal markets since then average egg prices remain substantially above last year. In April, May and June of last year, egg prices plummeted to postwar lows. There is a possibility that 1960 prices will induce an overproduction of chicks in the following year, and consequently, unfavorable egg prices for 1961.

Recent broiler prices also have been above last year. The level of about 17 cents per pound in Georgia in the third week of May was more than 10 percent above a year earlier. The mid-April U. S. average price to producers was 17.7 cents, about 9 percent above the preceding April. Prices so far this year have been at levels that usually would be followed by an increase in production. However, settings of eggs in incubators did not show a significant increase above the year before until the second week in April.

Limitations of credit, and uncertainty concerning future broiler prices, probably are the principal reasons for the restrained production response. Later in the season, a tight supply of hatching eggs may limit increases from last year in placements. Egg settings each week since the second week of April have successively increased 6, 10, 12, 13, and 13 percent respectively, above last year. Demand will be seasonally strong this summer and prices probably will hold above a year earlier if settings do not increase further.

Turkey prices since November-December 1959 have continued above the year before, but prices of hens have lately weakened slightly. Withdrawals of frozen turkeys from storage have slackened in the past month and May 1 holdings were about the same as last year. In previous months of this year stocks were smaller than in 1959. Recent hatchings have been below last year, suggesting that farmers will fall short of their January intentions to grow 6 percent more turkeys than the 82 million of 1959. In both hatchings to date and intentions, Beltsville-type turkeys were sharply reduced.

OILSEEDS, FATS AND OILS

Soybean prices to farmers were unusually stable during October-April 1959-60 averaging about \$2.00 per bushel, about the same as last year, and 15 cents above the national average support price. The combined value of the oil and meal obtained from a bushel of soybeans has been much lower than a year earlier resulting in a sharp decline in the spread between farm prices of beans and the total value of products. This indicates that processor's margins this season are quite small compared with previous years.

Soybean prices to farmers probably will continue firm through mid-summer. Prices after that time will be influenced by new crop prospects. Crusher and export demand through the remainder of the current marketing year is expected to be as strong as last year but the supply of beans will be slightly less.

Soybean oil prices during the remainder of the current marketing year probably will continue relatively stable, averaging somewhat below the year earlier level. The strengthening in cottonseed oil and lard prices because of seasonally declining supplies should help maintain bean oil prices. Furthermore, the prospect for somewhat higher bean oil export during the last half of the 1959-60 season than in the first half will provide some strength to bean oil prices.

Lard production (including farm) in 1959-60 is now forecast at 2,725 million pounds, only 1 percent more than last year. Hog slaughter and yields of lard per hog in the first half of the marketing year were not as large as expected earlier in the season. Lard production will decline seasonally in the months ahead. This summer output is expected to be 14 percent lower than in 1959 due to the anticipated drop in slaughter. Total disappearance will continue high. This means that lard prices during June-September 1960 will continue to edge upward and likely will average a little higher than last summer.

Exports of food fats (including the oil equivalent of soybeans) in October-March 1959-60 totaled 1.9 billion pounds, 31 percent above the year before, as more soybeans, cottonseed and soybean oils, and lard were shipped. Exports during the second half of the marketing year are expected to at least match the 1.8 billion pounds a year ago, reflecting a heavy movement of soybean oil under P. L. 480 programs and a good one for dollars. Total exports of all food fats for the entire 1959-60 marketing year are expected to be around 3.7 billion pounds compared with 3.3 billion pounds a year earlier. The heavy outward movement of oilseeds, fats and oils is being encouraged by smaller supplies from other producing areas along with more competitive U. S. prices in world markets.

FEED

Total disappearance of feed grains was at a record rate during the first half of the 1959-60 feeding year, 6 percent more than the heavy use in October-March last year. Disappearance is expected to continue heavy in the last half of the feeding year, but the increase over a year earlier will be reduced by the fewer hogs and poultry now on farms. For the entire year, total use of feed grains is expected to be around 7 million tons above the 150 million tons consumed last year. Even this high rate of disappearance would fall somewhat below the record 1959 crop of 166 million tons. The carryover into 1960-61 is expected to increase to around 77 million tons, about 9 million more than in 1959-60.

Disappearance of corn during October-March totaled 2,485 million bushels, up 207 million bushels or 9 percent from 1958-59. Disappearance for the entire 1959-60 marketing year is now expected to total around 4 billion bushels, leaving a carryover into 1960-61 of about 1.9 billion bushels, a new record high and nearly a fourth larger than last year. The 1960 sorghum grain carryover also is expected to increase to a record level, while smaller carryover stocks of oats and barley are in prospect.

Domestic demand for protein feeds in the first half of 1959-60 has been weaker than a year earlier, reflecting reduced poultry production and lower livestock prices. The index of high-protein feed prices averaged about 6 percent lower during October-March this year than last. The total quantity fed to livestock and poultry was slightly below a year earlier, while exports were up sharply as a result of increased demand from Northern European countries.

Prospects were generally good for feed crops in early May, although wet fields have delayed seeding of oats and barley, and the preparation of ground for corn planting in the Corn Belt. Soil moisture is ample over much of the country and the condition of pastures and hay crops on May 1 were better than average. Oats and barley seeding was much behind schedule in large areas of the mid-West and farmers probably will shift some of the intended acreages from these crops to later planted crops. Preparation of the soil and planting of corn also is lagging, but with more favorable weather in May planting may be completed by the usual time.

Feed grain prices have advanced since March, but the mid-April index of average prices received by farmers was 5 percent lower than a year earlier. The average prices received for corn rose from \$1.00 per bushel in March to \$1.05 in April, when it was 8 cents lower than a year earlier and somewhat below the national average support of \$1.12 per bushel. Corn prices may strengthen seasonally during the next few months, but the large stocks of "free" corn will tend to limit the extent of further advances.

Through April farmers had placed 17.3 million tons of feed grains under price support, 4.1 million less than a year earlier. The 463 million bushels of corn placed under support was 114 more than in the same period of 1958-59, but much smaller quantities of oats, barley and sorghum grain were placed under price support.

WHEAT

Cash wheat prices for winter wheat have been declining since the latter part of April while prices for spring wheat have shown independent strength. On May 18, the price of No. 2 Hard Red Winter at Kansas City and No. 2 Soft Red Winter at St. Louis were 14 and 17 cents, respectively, below the high levels of late April, while the price of No. 1 Soft White at Portland was 7 cents below. The price of hard red spring at Minneapolis, on the other hand, was up $2\frac{1}{2}$ cents.

It appears that the seasonal decline in prices of hard red winter wheat has started a couple of weeks earlier than usual. Evidently, redemptions have been sufficiently large to relieve tight "free" supplies until the new crop moves to market. The low for hard winter wheat prices will probably be in late June or early July, as in recent years. Prices at Kansas City declined to a low of about 25 cents below the announced loan in 3 of the last 4 years, with prices in 1958 going to about 44 cents below the support, reflecting the influence of the heavy marketing of the all-time record crop.

Spring wheat prices reach their low point later than those of hard winter wheat. In 1957 and 1958, spring wheat prices were lowest in late August but in 1959 prices reached the low in late July because the smaller crop caused prices to advance earlier than usual.

After the heavy movement slackens following harvest, prices to growers will advance, as in other years, reflecting the influence of the support program. The 1959-60 average price to farmers may be about \$1.76, 4 or 5 cents above the average support rate after allowing for storage charges.

The carryover on July 1, 1960, estimated at a record 1,320 million bushels, is about 40 million bushels above the carryover last July, and a further increase is likely by July 1, 1961. The carryover in July 1, 1959 was up about 400 million bushels from a year earlier. This increase followed reductions in stocks from the record level of 1,036 million bushels in 1955 to 881 million, July 1, 1958.

The 1960 winter wheat crop was estimated at 992 million bushels as of May 1, up 15 million from the estimate as of a month earlier. The first estimate of spring wheat will be made June 10. If spring wheat farmers carry out their intentions to seed 12.8 million acres and yields per seeded acre equal the 1955-59 average of 18.0 bushels, an all-spring wheat crop of about 230 million bushels would be produced. This, together with the estimated winter crop, would total around 1,220 million bushels. A crop of this size would be the fifth largest of record, 8 percent above the 1,128 million bushel crop in 1959 and 12 percent above the 1949-58 average of 1,092 million. Such a crop would result in an increase of around 125 million bushels in the carry-over on July 1, 1961, if domestic use and exports in 1960-61 are at about this year's levels.

FRUIT

Shipping-point prices averaged higher in early May than a year earlier for apples in Washington, for strawberries and Valencia oranges in California, and for grapefruit in Florida, as supplies generally were down. But prices averaged lower for Florida Valencia oranges, supplies of which were up.

The 1960 peach crop in the 9 southern commercial peach States is expected to total about 15.5 million bushels, based on the May 1 condition of the crop. This would be 4 percent larger than the 1959 crop and the third successive crop to be more than 50 percent above the 10-year average of 9.8 million bushels. In California, prospects on May 1 were favorable for another large peach crop. Movement of fresh peaches from California started in early May, about the same time as in 1959. But in the southern States, movement will not start until late May or early June, somewhat later than last year. Development of the crop was retarded by cold weather during late winter and early spring. In California, prospects on May 1 were for a larger crop of apricots than the heavy 1959 crop, for a substantial increase in sweet cherries over the light 1959 crop, but for some decrease in plums from the heavy crop last year.

The 1960 strawberry crop is expected to total about 434 million pounds, 9 percent smaller than the 1959 crop and slightly below average, because of reduced acreage and yields in both the mid-spring and late spring States. Movement of strawberries from Louisiana and California to fresh markets was seasonally heavy during late April and early May. In early May, prices at shipping points were somewhat above a year earlier. Movement from mid-spring and late spring States both to fresh markets and to freezers usually is seasonally the heaviest during May, June and July.

Supplies of Florida Valencia oranges remaining to be marketed after May 14, 1960 were considerably larger than a year earlier, the result of heavier production and some delay in harvesting to await desired maturity for processing. But remaining supplies of California Valencias, which will be marketed until early fall, were substantially smaller than a year ago.

With the Florida grapefruit crop smaller this year and movement heavy during winter and spring, supplies remaining on May 14 were much lighter than last year. Although supplies of California lemons were somewhat lighter than a year ago, they are expected to continue adequate for the usual fresh market needs this spring and summer. Except mainly for Florida Valencia oranges, grower prices for fresh citrus fruits in early May were above a year earlier.

Output of Florida frozen orange concentrate increased sharply during late April and early May. It is expected to run seasonally heavy into June and then taper off as the end of the season nears. The pack by May 7 of the 1959-60 season was about 57 million gallons, down 5 percent from a year earlier. Movement has continued much larger than a year ago. But because of an increase in carryover last fall, stocks held by packers on May 7 were up 9 percent. Packers' stocks of Florida canned single-strength citrus juices also were up because increased movement was not enough to offset the increase in combined pack and carryover.

Movement from canners of most canned deciduous fruits from the record 1959 pack was larger to April 1, 1960 than comparable movement in 1958-59. Even so, canners' stocks of 9 items combined were about 22 percent larger on April 1, 1960 than a year earlier. All items were up except sweet cherries. But total stocks were only 7 percent larger than 2 years earlier and 3 percent smaller than the heavy stocks of 3 years earlier. On May 1, 1960, cold storage stocks of frozen deciduous fruits were 12 percent below a year earlier. Those of strawberries, the largest item, were down 7 percent.

COMMERCIAL VEGETABLES

For Fresh Market

Production of vegetables for fresh market sale this spring is expected to be moderately smaller than both last spring and the 1949-58 average. Among the more important items, prospective production is substantially larger than a year ago for green peppers and a little larger for spring celery. But remaining supplies of most vegetables appear to be smaller than a year earlier. Prospective production of most items for late spring harvest is moderately to substantially smaller than a year ago, and except for late spring onions, below the recent 10-year average. Indicated production of cantaloups is almost a fifth below last year, and substantially below average. Prospective production of watermelons is 15 percent larger than last spring, but 4 percent below the 1949-58 average.

Overall supplies of fresh vegetables are expected to increase rapidly during the next 4 to 6 weeks and prices will decline seasonally. Because of late planting and delayed development of watermelons in the Southeast, more than the usual overlap of marketings from various areas may occur.

For Processing

Largely because of light supplies of fresh items, net outmovement of both canned and frozen vegetables so far in 1960 has been significantly larger than a year earlier. Remaining supplies of both canned and frozen items are materially smaller than the heavy supplies of a year ago. However, except for sauerkraut which is in a tight stocks position, supplies of other major items are adequate.

Early reports indicate that canners are aiming for a pack close to that of last year, while the frozen pack is likely to be materially larger. Intentions reports for 9 important vegetables for processing indicate plans to plant or contract 2 percent more acreage than last year. Production of winter and early spring spinach for processing was moderately larger than a year ago. Should growing conditions be near the average of recent years, production of snap beans for canning on intended acreage would be moderately larger than last year and tonnage for freezing substantially larger; tonnage of peas for canning about the same as last year, and for freezing moderately larger; production of tomatoes for canning about the same as in 1959; sweet corn, substantially less for canning but more for freezing; cucumbers for pickles about a tenth less than last year, and beets for canning slightly less. Because of smaller stocks at the beginning of next season, supplies of canned vegetables probably would be a little smaller in 1960-61 than in the current season, but supplies of frozen vegetables likely would be larger.

POTATOES

For the week ending May 7, shipments data indicated that marketings of old crop potatoes were somewhat smaller and new crop potatoes substantially smaller than in the corresponding week of 1959. Although old crop potatoes are expected to clean up earlier this year than last, movement of new crop potatoes will pick up rapidly during the next few weeks. Prospective production of late spring potatoes at 26.2 million hundredweight is 11 percent larger than last year. Also, delayed planting and development of crops in the Southeast may result in more than the usual bunching of shipments in late spring. During the first half of May marketings from the late spring crop increased rapidly and prices to growers declined materially from the relatively high levels of late April. Within the next few weeks shipments of new crop potatoes are expected to continue to increase and prices to growers are expected to show some further decline.

COTTON

The yield per acre for the 1959 crop is estimated at 462 pounds per harvested acre. This was the second highest yield on record, about 4 pounds below the record high of 1958.

The 1959 crop of about 14.5 million running bales compares with a 1958 crop of 11.4 million bales and is the largest since 1955. The supply for the 1959-60 season is estimated at about 23.6 million bales, including the 1959 crop, the starting carryover of 8.9 million bales, and imports and the city crop of about 190 thousand bales. Although the supply is 3.3 million bales larger than that of 1958-59, the carryover at the end of the current season will decline substantially because of an even larger increase in disappearance.

Registrations for export before August 1, 1960 under the payment-in-kind program were 6.5 million bales as of May 13. Registrations for the week ending May 13 were about 80,000 bales. Exports in 1958-59 and 1957-58 were 2.8 and 5.7 million bales, respectively. Exports of cotton from August 1, 1959 through March 1960 were 4.8 million bales, compared with 1.9 million in the same period a year earlier. Trade reports indicated continued heavy shipments of cotton abroad in April and the first part of May.

The average price received by farmers for cotton for the 1959 crop sold through March 31, 1960 was 31.4 cents per pound, compared with 33.23 cents per pound for the entire 1958-59 season. But because of increased production, the value of the 1959 crop of lint rose to an estimated \$2.3 billion from \$1.9 billion for the 1958 crop. Cotton prices during the last part of April and the first half of May continued to edge up slightly. The average 14 spot market price for 1-inch Middling cotton on May 18 was 32.20 cents per pound. This was about .17 cent above the price 2 months earlier. On May 18, 1959 the average 14 spot market price for Middling 1-inch cotton was 34.63 cents per pound.

Premiums and discounts for grade and staple for the price support programs for the 1960 cotton crop were announced on May 3. In general both discounts and premiums are narrower than those of the 1959 programs. The discount for Middling, 7/8 inch from Middling, 1-inch cotton is 3.45 cents per pound, compared with 3.70 cents per pound for the 1959 crop. The average purchase rate for 1960 Choice A Middling, 1-inch cotton at average location is 32.42 cents per pound compared with 34.10 cents per pound for 1959 Choice A. For Choice B the comparable loan rates are 26.63 and 28.40 cents per pound.

WOOL

With world production and consumption approximately in balance, world wool prices into mid-summer can be expected to remain relatively steady at current levels. World production and consumption of wool during 1960 can be expected to be at or above the record levels of the past season.

The average price received by U. S. growers for shorn wool in April 1960 was 44.5 cents per pound, 13 percent above April 1959 and the highest since January 1958. Prices to growers are expected to continue at about the current level until mid-summer.

Activity on the Boston market has increased in the last few weeks as the shearing of the new clip increased. Prices of most domestic shorn wools were unchanged to down in April in contrast to the increases in other world markets. The only domestic shorn wool prices to increase during this period were those of three-eighths and quarter-blood fleece wools, which were in strong demand because of depleted stocks.

Stocks of raw wool on January 1, 1960 as reported by the Bureau of Census amounted to 151.4 million pounds, scoured basis, 21 percent above a year earlier. Apparel wool stocks totaled 103.9 million pounds, 13 percent more than on January 1, 1959, while carpet wool stocks amounted to 47.6 million pounds, 42 percent above a year before. This includes stocks held by manufacturers, topmakers dealers and carpet yarn spinners as well as those held in Customs bonded warehouses.

U. S. consumption of raw wool during January-March 1960 totaled 111.8 million pounds, scoured basis--64.1 million pounds of apparel wool and 47.5 million pounds of carpet wool. This 3-month total is only 1 percent more than the 110.8 million pounds for the same period of 1959.

The seasonally adjusted data for March 1960 show a decrease of 9 percent in average weekly rate of apparel wool consumption and a decrease of 2 percent in the carpet wool rate from those of February 1960. If consumption continues at the seasonally adjusted weekly rates of the first 3 months, the year's total will be about 420 million pounds, scoured basis, compared with 431 million pounds in 1959.

Reflecting the build-up of commercial stocks during 1959 and about the same mill use of wool thus far in 1960 as a year before raw wool imports during January-March 1960 totaled 69.5 million pounds, clean content, 21 percent less than a year ago. Dutiable wool imports were 25.9 million pounds, 19 percent less than in 1959, duty-free wool imports were 43.6 million pounds, 23 percent less than January-March 1959.

Domestic production of woolen and worsted woven fabrics during the first quarter of 1960 probably equaled or exceeded that of the first quarter of 1959. The second quarter rate also is expected to be higher than the first. Some decline in woven goods can be expected the last half of 1960 which will result in slightly less output in 1960 than last year. During the last quarter of 1959, 70.3 million linear yards of woven fabric were produced. The total for 1959 was 305.9 million linear yards, 13 percent more than 1958.

Shipments of woven and tufted carpets and rugs during 1959 increased 14 and 17 percent above those of 1958. The increase for woven carpets and rugs was in contrast to the declines of the past few years, while those of the tufted products continued the upward trend. Wool's share of the total yarns consumed in all tufted products has increased from 4.0 percent in 1956 to 18.2 percent in 1959.

TOBACCO

Auctions for the 1959 Maryland tobacco crop began on April 26 and are scheduled to end July 15. Sales through May 18 totaled 10.6 million pounds

and averaged 62.0 cents per pound, compared with 61.8 cents in the comparable period a year ago. In addition to auction sales, about 2 million pounds of Maryland tobacco have been received at the Baltimore hogshead market, which opened for competitive bidding on April 28. Government price support is not in effect for the 1959 Maryland crop as it was not produced under a marketing quota. The 1960-62 crops will be eligible for price support, however, as growers approved the application of marketing quotas to those crops in a referendum earlier this year.

The 1959 Maryland crop, now being marketed, is estimated at 32.3 million pounds--4 percent larger than in the previous year. Compared with 1958, acreage increased about 12 percent; about the same acreage is indicated for 1960. Cigarettes are the main domestic use for Maryland tobacco. Exports also provide a substantial outlet; the 6 months ending March 31, exports of Maryland totaled about 6.4 million pounds (farm-sales weight). This was 11 percent less than the comparatively large volume shipped out in the corresponding period a year earlier.

In accordance with legislation enacted earlier this year, support levels for 1960 crops of the kinds of tobacco eligible for price support will be the same as for the 1959 crops. In the case of Maryland tobacco, for which a support price was not in effect in 1959, the support level for the 1960 crop will be the same as it would have been for the 1959 crop had that crop been supported, namely, 50.8 cents a pound.

Cigarette output in the first quarter of 1960 was nearly 7 percent above that in the comparable period a year ago. Cigar and cigarillo output (not including cigarette-size cigars) increased $7\frac{1}{2}$ percent.

According to surveys by the Cigar Manufacturers Association, sales of cigarillos increased by an eighth from 1958 to 1959. They accounted for $13\frac{1}{2}$ percent of sales of all cigars weighing over 3 pounds per thousand, compared with close to 13 percent in 1958 and about $11\frac{1}{2}$ percent in 1957. Production of small cigars--cigarette size, weighing 3 pounds or less per thousand--has fallen sharply from the peak levels reached in the first half of 1959. In January-March 1960, output was only an eighth of that in the like period a year ago. Output of smoking tobacco for pipes and "roll-your-own" cigarettes in the first quarter of 1960 was up 2 percent from a year earlier. Production of chewing tobacco and snuff also was smaller than in the same months of 1959, by 7 percent and 1 percent, respectively.

Exports of unmanufactured tobacco in the first three-fourths of the 1959-60 fiscal year at 435 million pounds (farm-sales weight) were $2\frac{1}{2}$ percent lower than in the corresponding period of a year earlier. Exports of flue-cured--the principal export class--were down by 4 percent. The United Kingdom, our leading foreign market for flue-cured, reduced takings moderately, while West Germany and Australia--usually our next ranking outlets--cut takings by about a sixth and a third, respectively. Exports of burley increased by a sixth. More Black Fat and Connecticut Valley cigar binder were shipped abroad than in the first 9 months of 1958-59, but less fire-cured, dark air-cured, Wisconsin cigar binder, and cigar filler and wrapper.

Imports of cigarette leaf for consumption in the first three-fourths of the 1959-60 fiscal year amounted to about 86 million pounds, 3 percent more than in the like period of 1958-59. Receipts of cigar tobacco at close to 35 million pounds (unstemmed-weight equivalent) were a little below those of a year earlier.

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